.G. R. S. IX-5]

✓ P

Previous references.
" 58—15 (5a)
C.7 58—15 (6+7)
Bank 12—14 (13a)
" " (12-14) 7
" 19—13 (25a)
Later references.

1916-17

(C. 7)

File No. 34—16

Serial Nos. 1, 2, 3, 4, 6+7

P-17
L

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1, 2, 3, 4, 6+7

Part B for Dec: 16.

SUBJECT.

Audit Report of the accounts of the Bank of Mysore—

Ser: 1 No: S.A. 104 From The Comptroller -

Forwarding report on the audit of the Accounts of the Bank of Mysore — for half year Ending 30th June 1916

Ser. 7

W D 88—GPB—50,000—24-7-16

27.16

G. R. S. 11] 1916-17

GENERAL AND REVENUE SECRETARIAT.

(G.7)

NOTES.

File No. 34.

FILE HEADING.

Audit report of the Accounts of the Bank of Mysore

From

The Offg. Comptroller

No. S.A.104. Dated 28. 7. 1916. Received 29. 7. 1916.

Diary No. 269.	Enclos.	Spare Copies.	Serial No. 1.

BRIEF ABSTRACT OF LETTER.

Forwards for the information of Govt Mr. S. Venkat Rangams report on the audit of the accounts of the Bank of Mysore Limited for the half year ending 30th June 1916.

NOTES AND ORDERS.

Kind attention is invited to paras. 7 & 12.

Subs for orders with a draft recording.

1/8/16.

2 Please put up a Comparative Statement as was done last time. The figures for the several half years in respect of the items of charge should also be entered therein (in 5 days)

NOTES—First Sheet.

V.S

2/8

G. R. S. 12]

General and Revenue Secretariat. | S-7 File No. 34 of 1916-17

Serial No.	
	3 A Comparative Statement is put up. The previous reports are also submitted for reference. 4 Draft recording is submitted. Regarding the last para in the Auditor's report, a confidential letter may perhaps be addressed to the Manager enquiring what the Bank has since done regarding the irregularity. 7.8.16
A	5 A. Yes. Dewan. 10/8
992 15-8-16	6 I agree. I have already made confidential enquiries. The matter should not be allowed to drop. 19.8.16.
	7 Issue draft over recording. Put up draft as soon as received with draft Conft. D.O. 19/8.
2	To The Comptroller in reply to No: 7E 1057 & 22.8.16. Records the report.
	8 Subt. with a draft confidential D.O. for orders. Typ draft 22/8 Typ draft - subd. Else-7) 24/8/16

Issued & given to Dewan 19.8.16

NOTE—Contn. sheet.

GPB—70.000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | File No. 34 of 1916-17

Serial No.	
3	To the manager, Bank of Mysore Ltd no. H 1425 & 4-9-16. Requests information re irregularities reported by the auditor.
4	From his Rep D.O. No. 12-9-16 In reply to sl 3 states that the Bank of Madras are unable to trace the two cheques as paid during March & June & with the disappearance of the spraying Vouchers regrets that no further action is possible - and that due precautions have already been taken to prevent repetition of such frauds. Subd with reference to para 6 supra. 9) Ink Mr Elsey) 13/9 This may be Subd to the Dewan for information thereon filed Re 14.9.16.
	10) Ms. Fri Please prepare a draft on the lines indicated in the attached note from the first auditor. 15/9 Re

NOTE—Contn. sheet.

GPB—70,000—17-12-15

COMPTROLLER'S OFFICE.

(CIVIL BRANCH.)

ORDERS. **NOTES.**

12)

All that can now be done is

First: to recover the amount
from the parties at
fault. The Bills
ought to have been
passed only after
they had been registered
in the Bank Bill
Register by the Bill Clerk
of the Bank.
The Vouchers were passed
for payment even though
the Bills had not been
thus registered. So the
amounts have to be made
good by the passing officials.
There was a talk at the
time of 3 and 4 that the amount
would be met from the
Contingent account funds
of the Bank but this
procedure in the above
circumstances would be
unwarranted
Second: The managers may

5)

be called upon to report in detail as to what precautions (referred to in his letter to the Hl Secy) have been taken to prevent such fraudulent payments.

13) The precautionary measures thus reported may be scrutinised thoroughly in the Hl Sects with a view to see if they are satisfactory or capable of being altered or improved

15/9/1-

651/1391

6

G. R. S. 12]

General and Revenue Secretariat. | G 2 File No. 34 of 191 6.

Serial No.	
	Draft Rules Member) 18/9 ... 20.9.16.
26/21.9	Draft approved by the first Member Ross 22/9/16 Deane 23/9.
6	To The Manager Bank of Mysore H 1961 of: 14.10.16 Suggests that the amount may not be recd from the parties Not fanciful
7	From The Manager Bank of Mysore D.O. of. 22.12.16 With ref to Sr: 6 States that remedy suggested can not be applied without misleading myself & the Official recd etc
14)	It is for consideration whether the explanation given may be considered satisfactory. The information was called for on the orders of the Dewan in para 6 supra & at the suggestion of the Govt Auditor Put 24/12 F(Sec 7). 23.12.16
15)	I think the matter may rest here for the present.

L. (C) & Rev. 75-16.

7043

Dewan).

Secy 23.6.17. 1825/6/17

NOTE—Contn. sheet 6/17

GPB—70,000—17-12

Confidential.

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

DIARY No 269

1916-17

SECTION Q7

SERIAL No. 1

No. A.A. 104 OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT.

FORM Conc: One report &c. *Dated Bangalore, the* 28th July 1916. 36-16

M.N. Krishna Rao Esq., B.A.,

Offg: *Comptroller to the Government of His Highness the Maharaja of Mysore.*

To Rajamantrapravina Diwan Bahadur J. S. Chakravarti, Esq., M.A., F.R.A.S., etc.

Secretary to the Government of Mysore,

Financial *Department.*

SIR,

I have the honor to forward herewith for the information of Government the report submitted by Mr. S. Venkat Rangam, Assistant Comptroller, who was deputed to audit the accounts of the Bank of Mysore, Limited, for the half year ending 30th June 1916.

I have the honor to be,

Sir,

Your most obedient servant,

Offg: Comptroller.

SAM.

28/7/16

GPB—2,000—25-8-14

C. O. 42-Rec.—17]

Special and Department

1916.

FROM

~~DIWAN BAHADUR~~

~~J. S. CHAKRAVARTI, ESQ., M.A.,~~

~~F.R.A.S., ETC.,~~

The Comptroller to the Govt. of

H. H. the Maharaja of Mysore.

Bangalore

To

..... ~~ESQ.,~~

The *Secretary to the Govt. of Mysore,*

Financial Dept.

Dated 28

Despatched 29 } August.

Received

No. 736 & 2

La. 104

Subject matter.

Forwards the report submitted by Mr. L. Venkata Rangam who was deputed to examine the accounts of the Bangalore Mysore Ld

Report on the examination of the accounts of the Bank of Mysore, Ltd., for the half year ending 30th June 1916.

The audit of the accounts of the Bank of Mysore for the half year ending 30th June 1916 was performed by me (assisted by the Commercial Auditor) in collaboration with Mr.Rose of Messrs.Fraser & Ross, Chartered Accountants.

2 We commenced the audit on the 1st of July 1916 and concluded it on the 6th July 1916.

3 A printed copy of the Balance Sheet as on 30th June 1916 with the usual Profit and Loss Account, is hereto appended.

4 The Balance Sheet was examined and compared with the books and accounts at Head Office and with the certified returns from the Agencies and it correctly represents the state of affairs of the Bank according to these returns and accounts.

5 We have counted the Cash at Head Office and examined in detail the investments and the bills and jewels and other valuables held as securities for loan, cash credits and similar transactions.

6 We also inspected the several Godowns of the Bank containing goods on the security of which the Bank has advanced moneys.

7 The condition laid down in G.O.No.Fi.51.21-73/B9-92-2 dated 12th March 1913 requiring the Bank to employ, invest, or otherwise utilise at least 50 % of the capital, deposits and other funds at the disposal of the Bank within the limits of the State, including the Civil and Military Station, has been satisfied, the investments and almost all the transactions being confined to the State.

8 The working expenses of the Bank for the half year ending 30th June 1916 exceeded Rs.10,000/-, thus entitling the Bank to a contribution of Rs5,000/- from Government as per Government Order quoted above.

(3

9 During the half year a net profit of Rs1,00137-4-10 has been realised and the balance carried forward from the previous year is Rs14,062-15-10.

10 The Directors propose to utilise these in the following manner:-

		Rs.		
To pay Interim Dividend at the rate of				
6% per annum on the paid up Capital absorbing		30,000	0	0
also To pay a bonus at the rate of 2% per annum		10,000	0	0
To transfer to Reserve Fund Account	...	50,000	0	0
To be carried forward to next ~~ex~~ year	...	24,200	2	8

11 In these circumstances, the Reserve Fund of the Bank will come to Rs1,25,000 only.

12 I may mention here that during the course of audit we found 2 vouchers for 2 debits on the Madras Agency, i.e., for payments of 2 sums of Rs200 and Rs300 made on 29th March 1916 and 8th May 1916, are not forthcoming in the Bank. I append herewith copy of a letter dated 10th July 1916 from the Manager of the Bank with a statement from the said officer explaining the circumstances under which these wrong payments have occurred. I have noted this in my report as I consider this irregularity as one of more than ordinary interest and importance.

S R Ratnam
Asstt: Comptroller. 24.7.16

(4

Copy of letter dated 10th July 1916 from the Manager, Bank of Mysore, Bangalore, to Mr.VenkataRangam, Assistant Comptroller.

As desired in your letter of the 7th instant, No.7, I enclose a brief account of the two entries outstanding in Madras Agency account on the 30th June last. As enquiries are on foot in connection with this matter, I trust you will for the present treat same as confidential.

Tumkur Agency Return of loans outstanding has already been forwarded to you, and I note to send you a printed copy of the balance sheet after same has been passed by the Directors.

Copy of The Manager's Statement.

Two entries of the 29th March and 8th May last in the above account have not been responded to by the Madras Bank, and it would appear that some peron in the Bank, acting in collusion with an outside party, has perpetrated a fraud to this extent. In the absence of the vouchers which have been abstracted altogether, it is impossible at present to clearly bring home the guilt to the proper party but enquiries are being made in the matter to this end. The fraud was only possible through the absence of registration of the remittances in the Bill Register by the passing Officers.

"True Copies"

S Venkataramgam

Asstt: Comptroller.

THE BANK OF M

BALANCE SHEE

LIABILITIES.

			Rs.	A.	P.	Rs.	A.	P.
Capital—								
Authorised 20,000 shares of Rs. 100 each	...	...	20,00,000	0	0			
Subscribed 20,000 shares of Rs. 100 each on which Rs. 50 per share has been called up	...	...	.....			10,00,000	0	0
Deposits—								
Mysore Government Deposits	...	...	10,00,000	0	0			
Fixed Deposits	...	...	23,41,476	12	0			
Savings Bank and Prudential Deposits	...	...	87,713	1	5			
Current Accounts	...	...	8,66,479	6	6	42,95,669	3	11
Unclaimed Dividends	...	...	...	...		3,098	2	0
Reserve Fund	...	...	...	...		75,000	0	0
Contingency Fund	...	...	...	...		7,500	0	0
Profit and Loss Account—								
Balance as per last Balance Sheet	...	...	...	81,922	13	10		
Less transferred to—								
,, ,, Reserve Fund	...	25,000	0	0				
,, ,, Contingency Fund		5,000	0	0				
,, ,, Dividend Account		30,000	0	0				
,, ,, Reserve for Depreciation on Investments	...	6,360	0	0				
,, ,, Bonus to Staff	...	1,500	0	0				
			67,860	0	0			
Balance	...		14,062	13	10			
Add—Profit for half-year to date	...		1,00,137	4	10			
						1,14,200	2	8
						Rs. 54,95,467	8	7

K. P. PUTTANNA CHETTY,
M. CHENGIAH CHETTY,
B. K. GARUDACHAR,
B. P. ANNASAWMI MUDALIAR,
Directors.

REPORT OF THE AUDITORS TO THE SHAREHOL

We report that we have examined and compared the Balance Sheet of the Bank of Mysore, Limited, as at 30th Jun Agencies and have obtained all the information and explanations we have required.

In our opinion such Balance Sheet is drawn up in conformity with the Provisions of the Mysore Companies Regulati and explanations given to us and as shown by the books and returns of the Company.

BANGALORE, *8th July 1916.*

PROFIT AND LOSS ACCOUNT FOR SIX

EXPENDITURE.

	Rs.	A.	P.
To Establishment Account...	16,111	4	0
,, Agencies Commission	8,449	8	8
,, Directors' and Auditors' Fees	1,762	2	0
,, Office Rent	1,200	8	6
,, Stationery	1,152	2	8
,, Depreciation on Furniture	766	2	10
,, Advertisements and Printing	448	1	7
,, Postage and Stamps	831	3	4
,, Telegrams and other miscellaneous expenses	1,079	10	0
,, Balance carried to balance sheet	1,00,137	4	10
Rs.	1,31,938	0	5

YSORE, LIMITED.

JUNE, 1916.

ASSETS.

	Rs.	A.	P.	Rs.	A.	P.
Cash and Investments—						
Cash at Head Office and Agencies	2,18,081	10	8			
Cash with other Banks	2,90,516	15	10			
Cash and deposit with Mysore Government	7,99,556	3	4			
Rs. 61,100 India Government 3½ per cent Paper at 80 per cent plus accrued interest	49,648	10	0			
Rs. 38,500 Mysore Government 4 per cent Loan at par plus accrued interest	38,931	15	0			
				13,96,735	6	10
Loans, Cash Credits and Overdrafts—						
Debts considered good for which the Bank holds bills or other securities	3559816	6	10			
Debts considered good for which the Bank holds no security being temporary overdrafts	48,716	12	6			
Debts considered good due by Directors or firms in which they are partners	1,20,170	15	6			
				3728704	4	10
Bills Discounted—						
On account of public	3,46,882	7	3			
On account of firms in which Directors are partners ...	6,720	0	0			
				3,53,602	7	3
Bank Property, Office Furniture, and Safes				19,192	2	1
Books and Stationery				6,394	9	2
Rs.				5504628	14	2

W. C. ROSE, *Manager.*

ERS OF THE BANK OF MYSORE, LIMITED.

1916 and above set forth, with the books and accounts as kept at Head Office and with the certified returns from the

n, 1895 and exhibits a true and correct view of the state of the Company's affairs, according to the best of our information

FRASER & ROSS, *Chartered Accountants.* } *Auditors.*

MONTHS ENDING 30TH JUNE, 1916.

RECEIPTS.

	Rs.	A.	P.
By Interest, Commission, Discount, and Exchange, after allowing for rebate on Bills not matured and Interest to Depositors	1,26,938	0	5
By Mysore Government contribution (received)	5,000	0	0
Rs.	1,31,938	0	5

(1

Audit-report of the accounts of the Bank of Mysore Ltd.

G.R.S. 28]

19/16

Diary No. of letter replied to 269

GF File No. 34-16.
Serial No. 2

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.
( )

, *the* 191 .

READ—

Letter No. 737/S.A.104 dt. 28.7.1916 from the Offg Comptroller to the Govt forwarding the report submitted by Mr S. Venkat Rangam, Asst Comptroller on the audit of the accounts of the Bank of Mysore Ltd for the half year ending 30.6.1916.

Date of issue 22nd August/16

Signed by W Rhodes Hatch

ORDER THEREON.—No. G 1057

Recorded dt 22nd August/16

19.8.16

dt

W/18

By order, H Secretary

To The Comptroller

dt 1/8/16

over.

SUBJECT.

GPB—50,000—1-12-12

G. R. S. 26]

Re irregularities reported by the auditor in his report on the audit of the Mysore Bank.

File No. 34-16.

Serial No. 3

Diary No. of letter replied to 269.

Vide draft-

Confidential

D.O. No. H/1425

General and Revenue Secretariat

( )

, *the* 191 .

To

4' Sept/16

Dear Sir,

I am directed to request you to be so good as to report confidentially for the information of Govt. what ~~you~~ has been done since, regarding the two fraudulent entries, amounting to Rs 5000 outstanding in the Madras agency account which attracted the notice of the auditors

Yours Sincerely

Date of issue 4' Sept/16

Signed by W J S Clarkewart

31/8

2418.

W. C. Rose Esq. Filed

Manager, Bank of Mysore Ltd.

over.

14/8/16.

SUBJECT.

List of enclosures,

Copied by

Examined by

GPB—25,000—4-3-13

F 34-16 (4) D651 9 0916

The Bank of Mysore Ltd.

TELEGRAPHIC ADDRESS:-
"MYSOREBANK."
CODE - 5TH EDITION A.B.C.

ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER.

Bangalore 12 September 1916

No. Confidential

Dear Mr. Chakravarti,

In reply to your Confidential letter of the 4th inst No FL 1425, I have now heard from the several Branches of the Bank of Madras, who advise that they cannot trace the two cheques as paid during the period Mch/June - With the total disappearance of the paying vouchers, I regret to say no further action is possible, but the heads of certain Departments are being changed, & the additional precautions now in force there

(9

is no chance of a repetition of the
frauds in question.

Yrs. Sincy
[illegible]
Mgr.

Dewan Bahadur.
J S Chakravarti M.A. F.R.A.S.
Financial Adviser
Mysore Govt

G. R. S. 26]

Confidential

C.7.

File No. 34—16

Serial No. 6.

Diary No. of letter replied to

D O

No. H 1961

4 October 16

General and Revenue Secretariat

( )

, *the* 191 .

To

Dear Sir Rose

I acknowledge receipt of your D.O.J 12-9-16 intimating that the Bank of Madras are unable to trace the two cheques as per memo dated 1st June & requesting that no further action is possible under the circumstances I am to suggest for your consideration that if the amount involved may not be recovered from

over.

Date of issue 4-10-16

Signed by W. Thamarana

SUBJECT.

the parties at fault viz the Meras who passed for payment the bills which had not been registered through the hands of the Bill clerk.

~~that is from the Bill clerk who failed to register the cheques & the passing officials who should not have passed them for payment without due registry.~~

~~I~~ would also Damales request ~~like to know~~ that the details of the precautionary measures you mention as now being in force to prevent a repetition of like frauds in future, may be kindly intimated for the information of Govt.

yours faithfully

List of enclosures,

22/9

20/9/16

To C. Rose Esq
Manager - Bank
of Mysore Ld.

Copied by

Examined by

1979

GPB—25,000—4-3-13

(12

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

C.7 84—16 D 1391 916
Ser. 7.

ALL COMMUNICATION TO BE ADDRESSED
TO THE MANAGER,
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A, B. C. 5TH EDITION.

The Bank of Mysore, Ltd.,

Bangalore, 22nd Dec. 1916

Confidential.

Dear Mr. Shamanna,

In reply to your D/O letter No.Fl.1961 of 4th October 1916 I beg to state for the information of Government that the matter is not so simple that the remedy suggested in the first para can be applied without involving injustice to the officials named and that it is one which may be left to the discretion and good sense of the responsible managers of the Bank who are quite alive to its interests.

The matter has engaged the serious attention of myself and the Directors since it came to light before the last audit.

As regards para 2, I am to say that it is certainly not desirable or expedient that our checks against fraud should be disclosed and made known to others.

Yours sincerely,

M/r

S. Shamanna, Esq.
General & Revenue Secretariat,
Bangalore.